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More Flexibility Needed by the General Services Administration for Delegating Leasing Authority to Federal Agencies.

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Report to Joel W. Solomon, Administrator, General Services Administration; by Fred J. Shafer, Director, Logistics and Communications Div.

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The General Services Administration (GSA) was created in 1949 to centralize in a single Government agency responsibility for procurement, management of real property, records management, and other housekeeping functions of the executive branch. In 1950, authority to lease general purpose real property was withdrawn from Federal agencies and transferred to GSA. It was anticipated that the Administrator of GSA would delegate this authority back to the agencies, particularly in smaller communities where space could be leased directly. Findings/Conclusions: GSA does not delegate authority to agencies to lease space within designated urban centers and has limited delegations to five agencies outside of urban areas. Only about 60 of the 287 areas designated as urban centers contain major concentrations of Federal agencies. The practice of broadly defining urban centers tends to centralize most leasing within GSA. GSA is inconsistent in that it refuses to grant to other agencies the authority granted to the Departments of Agriculture, Commerce, and Defense to lease general purpose space outside designated urban centers. Leasing procedures and practices of agencies operating under the delegated authority have not been periodically reviewed, and GSA has no information concerning the capabilities of agency personnel involved in leasing, the adequacy of agency procedures, and the extent to which agency procedures comply with GSA regulations. Agencies complain that GSA does not lease space for them in a timely manner; in 1976, nearly a year was required to fill some agency requests. Recommendations: GSA should: adopt a more flexible approach on lease delegations which would consider the most economical and efficient procedures and best use of staff; and assume a more active and supportive role in the monitoring of Federal agencies leasing practices and procedures. (RCS)



**UNITED STATES
GENERAL ACCOUNTING OFFICE**

**More Flexibility Needed By The
General Services Administration
For Delegating Leasing Authority
To Federal Agencies**

When leasing authority was transferred to the General Services Administration in 1950, it was anticipated that it would make extensive use of lease delegations in smaller communities where it would be feasible for agencies to lease space directly. However, present lease delegating practices are not always efficient because General Services:

- Is involved needlessly in numerous small single agency leases in remote areas where there is no concentration of Federal activities.
- Refuses to make delegations to agencies even though it cannot lease space for all of them in a timely manner.



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

LOGISTICS AND COMMUNICATIONS
DIVISION

B-95136

The Honorable Joel W. Solomon
Administrator of General Services

Dear Mr. Solomon:

Enclosed are four copies of our report on the need for a more flexible approach for delegating leasing authority. The report discusses the present lease delegation policy and the problems encountered in the application of the policy by the General Services Administration and other Federal agencies.

This report contains a recommendation to you on page 15. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the Acting Director, Office of Management and Budget; the House Committees on Appropriations, Government Operations, and Public Works and Transportation; the Senate Committees on Environment and Public Works, and Governmental Affairs, the Subcommittee on Treasury, Postal Service, and General Government, Senate Committee on Appropriations; and to Senator Mike Gravel.

Sincerely yours,

A handwritten signature in cursive script that reads "F. J. Shafer".

F. J. Shafer
Director

Enclosures - 4

GENERAL ACCOUNTING OFFICE
REPORT TO THE ADMINISTRATOR
OF GENERAL SERVICES

MORE FLEXIBILITY NEEDED BY THE
GENERAL SERVICES ADMINISTRATION
FOR DELEGATING LEASING AUTHORITY
TO FEDERAL AGENCIES

D I G E S T

The Congress withdrew authority from Federal agencies to lease general purpose real property and transferred it to the General Services Administration under a 1950 reorganization plan. The plan was flexible, authorizing the Administrator of General Services to delegate this authority back to the agencies subject to standards and regulations he prescribed. It was anticipated that General Services would make extensive use of lease delegations in the smaller communities where the agencies could lease directly. (See pp. 1 to 3.)

However, General Services will not delegate authority to agencies to lease general purpose space within designated urban centers and has limited delegations to five agencies outside of urban centers. It broadly defines 287 areas as urban centers including the complete jurisdictions of two states (Alaska and Hawaii) and about 500 counties throughout the remaining United States. Only about 60 of the 287 urban centers have major concentrations of Federal agencies. (See pp. 5 to 8.)

This practice tends to centralize most leasing for agencies within General Services. It is not always efficient because General Services is involved needlessly in numerous small, single agency leases in remote areas where there are no concentration of Federal activities or resident General Services leasing specialists. (See pp. 13 and 14.)

Moreover, General Services is inconsistent in that it refuses to grant to other large agencies the authority granted to the Departments of Agriculture, Commerce, and Defense to lease general purpose space outside designated urban centers.

General Services is inflexible in applying its policy, and refuses to allow

--Defense to lease about 1,500 recruiting offices because they are in designated urban centers even though Defense is managing and leasing about 1,700 others in nonurban areas and

--Agriculture to lease about 100 service centers in urban centers, although Agriculture had delegated authority to lease about 1,000 service centers in nonurban areas. (See pp. 8 to 11.)

Responsibility for leasing was centralized in General Services under the law and the reorganization plan of 1950. It has not reviewed periodically leasing procedures and practices of agencies operating under its delegated authority. General Services says that limited staff prevented it from making evaluations. General Services has no information as to the capabilities and number of agency personnel devoted to leasing, the adequacy of agency procedures and practices, and the extent to which agency procedures comply with its own regulations. (See p. 14.)

Agencies complain that General Services does not lease space for them in a timely manner. General Services established a goal of 180 days to meet agency space requirements. However, an average of 239 days for all agencies, and for some large agencies nearly a year, was required to fill agency requests in 1976. Both General Services and customer agencies cite the lack of adequate staffing as a factor causing untimely performance. (See pp. 12 and 13.)

General Services should

--adopt a more flexible approach on lease delegations which would consider the most economical and efficient acquisition procedure and the best use of its staff and

--assume a more active and supportive role in the monitoring of Federal agencies leasing practices and procedures. (See p. 15.)

Its delegation policy should be flexible and based on the most efficient use of

- (1) General Services leasing staff;
- (2) capability and expertise of agencies to manage leasing operations;
- (3) the adequacy of agency leasing procedures;
- (4) location, size, and type of space leased;
- (5) ability to respond to agency requirements in a timely manner;
- (6) the concentration of Federal agencies; and
- (7) other relevant factors. (See p. 15.)

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ABBREVIATIONS

DOD	Department of Defense
GSA	General Services Administration
HEW	Department of Health, Education, and Welfare
PBS	Public Buildings Service
USDA	U.S. Department of Agriculture

CHAPTER 1

INTRODUCTION

The General Services Administration (GSA) was created by the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471). The primary purpose for enactment of this law was to centralize in a single Government agency responsibility for the housekeeping functions of the executive branch--procurement, management of real property, records management, and other functions. The Administrator of GSA was given broad authority over the management of real property, including authority to:

- Prescribe uniform regulations governing real property management and leasing.
- Lease real property.
- Delegate lease authority to the head of any executive agency with the consent of the executive agency concerned--the act requires that the head of each executive agency assure that such leasing is carried out in accordance with GSA's uniform regulations.

The Congress approved Reorganization Plan No. 18 of 1950, effective July 1, 1950, withdrawing from other agencies and transferring to GSA authority to (1) lease real property; (2) assign and reassign space; and (3) operate, maintain, and have custody of office buildings. Exceptions to the lease authority transferred to GSA included buildings in foreign countries, buildings located on and used by military installations, and buildings occupied by the U.S. Postal Service. The transfer of lease authority to GSA also excluded space classified as "special purpose" which is defined in the reorganization plan as follows:

"* * * space in other Government-owned buildings which the Administrator of General Services finds are wholly or predominantly utilized for the special purposes of the agency having the custody thereof and are not generally suitable for the use of other agencies (including but not limited to hospitals, housing, laboratories, mints, manufacturing plants, and penal institutions), and space acquired by lease for any such purpose: * * *"

By enactment of the Federal Property and Administrative Services Act of 1949 and approval of Reorganization Plan No. 18 of 1950, the Congress implemented a Hoover Commission 1/ recommendation that an Office of General Services be established to provide central direction over real property management. The Commission also pointed out that central direction could be achieved but yet avoid too high a degree of centralization of services by (1) centralizing the authority to prescribe uniform regulations governing the conduct of service activities, including real property management by departments and agencies and (2) delegating the responsibility for exercising these service activities, including real property management, "to the greatest extent possible" back to the departments and agencies.

The President's letter which transmitted Reorganization Plan No. 18 to the Congress describes GSA's role as follows:

"* * * This plan concentrates in the General Services Administration the responsibility for leasing and assignment of what is termed general-purpose building space; that is, space which is suitable for the uses of a number of Federal agencies. It specifically excludes space in buildings at military posts, arsenals, navy yards, and similar defense installations and space in hospitals, laboratories, factories, and other special-purpose buildings."

* * * * *

"While the plan effects a broad transfer of functions with respect to leasing and assignment of space and the operation and maintenance of office buildings, it specifically authorizes the Administrator of General Services to delegate the performance of any part of these functions to other agencies subject to such regulations as he deems desirable for economical and effective administration. In this the plan follows the pattern adopted by the Federal Property and Administrative Services Act of 1949 for other branches of property management. In large urban centers where numerous Federal units are located unified administration of space activities by

1/The Commission on Organization of the Executive Branch of the Government.

the General Services Administration will normally be advantageous. On the other hand, in the smaller communities it will no doubt be desirable to delegate the work back to the agencies directly affected, to be carried on under standards laid down by the Administrator of General Services. The plan provides ample flexibility for working out the most effective administrative arrangement for each type of situation. * * *

GSA's Public Buildings Service (PBS) is responsible for administering the leasing program and other space management functions authorized by the Federal Property and Administrative Services Act of 1949 and for accomplishing the objectives of Reorganization Plan No. 18. These functions are carried out through its headquarters office in Washington, D.C., and 10 regional offices.

As of December 31, 1976, GSA administered 6,914 real property leases in the United States involving annual rental costs of \$398 million as follows:

<u>Annual rent</u>	<u>Number of leases</u>	<u>Annual rent</u> (millions)
\$2,500 or less	853	\$ 1.2
\$2,501 to \$3,000	937	3.5
\$3,001 to \$10,000	1,098	8.0
\$10,001 to \$30,000	2,845	64.2
\$30,001 to \$100,000	525	36.6
over \$100,000	<u>656</u>	<u>204.5</u>
Total	<u>6,914</u>	<u>\$398.0</u>
<u>Net usable square feet</u>		
Less than 2,500	3,248	\$ 19.6
2,501 to 5,000	1,545	29.5
5,001 to 10,000	915	34.6
10,001 to 50,000	308	98.7
over 50,000	<u>298</u>	<u>215.6</u>
Total	<u>6,914</u>	<u>\$398.0</u>

<u>Initial firm term</u>	<u>Number of leases</u>	<u>Annual rent</u> (millions)
1 year or less	1,397	\$ 20.4
1 year to 3 years	2,520	65.4
3 years to 5 years	1,921	113.8
5 years to 10 years	739	84.2
over 10 years	<u>337</u>	<u>114.2</u>
Total	<u>6,914</u>	<u>\$398.0</u>

Real properly leasing activity in the United States by all Federal agencies as of September 30, 1976 (the most recent data available) is shown in appendix I.

SCOPE OF REVIEW

Our review was directed toward determining whether GSA's lease delegation practices are efficient and result in timely service to user agencies. We reviewed laws and regulations applicable to GSA leasing activities and obtained written comments from the Departments of Agriculture (USDA); Commerce; Defense (DOD); the Interior; Health, Education, and Welfare (HEW); and Transportation about GSA's lease delegation practices. Our review was conducted at the GSA Central Office and at GSA and other agency regional offices in Dallas, Texas; San Francisco, California; and Seattle, Washington.

CHAPTER 2

MORE FLEXIBILITY NEEDED BY THE GENERAL SERVICES

ADMINISTRATION FOR DELEGATING

LEASING AUTHORITY TO FEDERAL AGENCIES

GSA could administer its leasing for Federal agencies more efficiently by adopting a more flexible approach for delegating leasing authority. Its present approach tends to centralize most leasing for agencies within GSA. This approach is not always efficient because GSA is needlessly involved in numerous small, single agency leases in remote areas where there are no concentration of Federal activities or resident GSA real property leasing specialists. In many cases GSA does not lease space in a timely manner, resulting in agencies complaining about the quality of GSA services. Some agencies could acquire small blocks of space faster and thereby free GSA's limited leasing staff for other lease management activities. If GSA were to redirect its limited staff resources and use staff capabilities of other agencies, it could improve the management and delivery of leased space.

DELEGATIONS OF LEASE AUTHORITY

GSA authorizes agencies to lease space in two ways. First, it delegates authority to agencies to lease general purpose space. Second, it designates certain categories of space as special purpose, thereby enabling the agencies to lease it directly. As stated previously, the leasing of special purpose space, such as laboratories and manufacturing plants, was exempted from the transfer of lease authority to GSA by the reorganization plan.

During the 1950s GSA authorized 5 agencies to lease general purpose space and issued designations to 14 agencies to lease special purpose space. The delegations and designations for leasing are published in the Federal Property Management Regulations.

General purpose space

The following agencies were delegated authority to lease general purpose space:

--Three agencies--USDA, DOD, and the Department of Commerce--may lease buildings and associated land outside of areas designated by GSA as urban centers.

- The Department of the Treasury may lease buildings and associated land for the Comptroller of the Currency without geographic restriction.
- The Tennessee Valley Authority may lease buildings and associated lands without geographic restriction.

Special purpose space

GSA designated 14 agencies that can lease special purpose space which is used wholly or predominantly for the purposes of an agency. Examples of special purpose facilities are: animal quarantine facilities leased by USDA, radio stations leased by Commerce, aircraft hangars leased by DOD, and monitoring stations leased by the Federal Communications Commission. Agencies can lease special purpose facilities without geographic restrictions.

In addition to the 5 delegations of general purpose space and the 14 designations of special purpose space, GSA has authorized leasing by agencies primarily through issuance of temporary regulations. The amount of leasing authorized in this way is not significant and is usually limited to one or two leases in a specified location.

Limited lease delegations for general purpose space

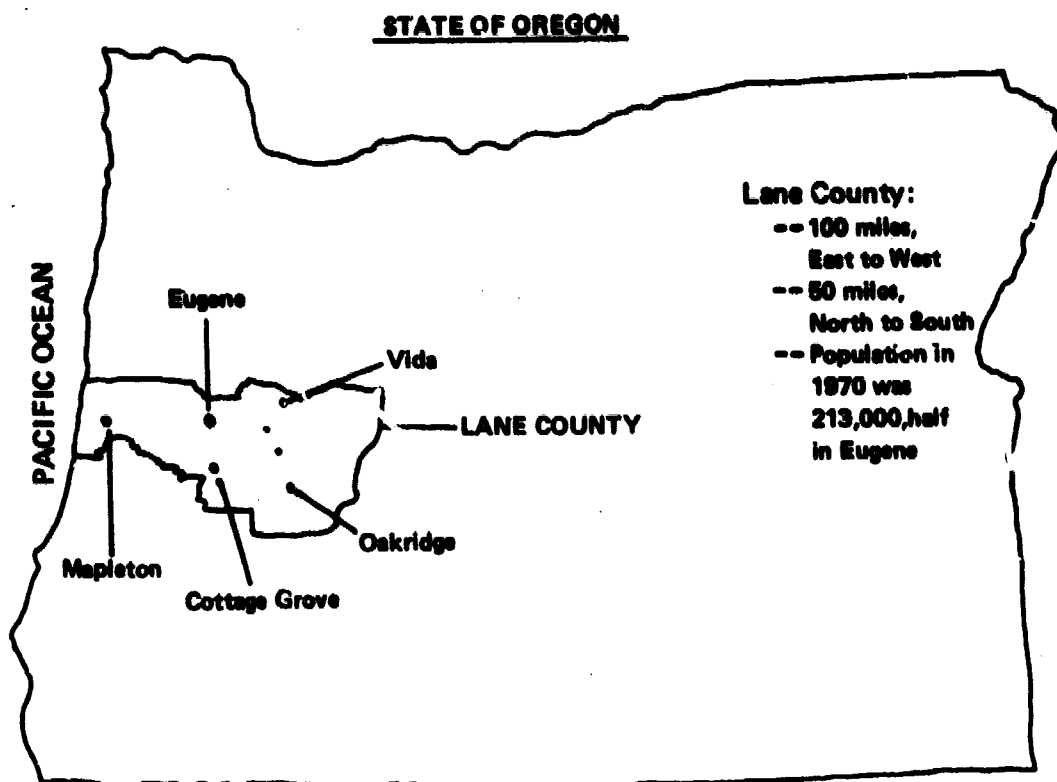
In 1950, GSA designated 128 cities as urban centers where leasing authority for general purpose space would not be delegated. By generally adopting the boundaries of certain standard metropolitan statistical areas established by the Office of Management and Budget, GSA later increased the number of urban centers to 287, including the complete jurisdictions of two states (Alaska and Hawaii), about 500 ¹/_{counties}, and two territories. Not all of the 287 urban centers established by GSA have a high concentration of Federal agencies or resident GSA leasing specialists. There are about 60 major Federal space areas.

The standard metropolitan statistical areas were established by the Office of Management and Budget to meet the needs for standardization in the presentation of general purpose statistics by Federal agencies. The criteria for establishing the areas were (1) a population of 50,000

¹/Includes 15 cities in States, such as Virginia, where the cities and the countries are not in the same jurisdictions.

(in a single city or two nearby cities), (2) metropolitan characteristics of the communities in the area, and (3) the economic and social communication among the various communities in the area.

By broadly defining urban centers and increasing the number, GSA expanded the areas where it leases general purpose space and limited the areas where USDA, Commerce, and DOD may lease space. The Eugene, Oregon, urban center, which encompasses all of Lane County, illustrates the extent to which urban center designations limit leasing under delegated lease authority.



Before Eugene, Oregon, was declared an urban center, DOD, USDA, and Commerce could lease real property anywhere in Lane County. However, after it was designated an urban center, all general purpose space was leased by GSA as follows:

Eugene area

<u>Agency</u>	<u>Description</u>	<u>Square feet</u>	<u>Annual rent</u>
DOD	Recruiting station	305	\$ 1,809
	Recruiting station	294	1,980
	Recruiting station	3,140	23,111
USDA	Soil Conservation Service field office	1,525	8,364
	Soil Conservation Service field office	935	4,430
	Soil Conservation Service samples ware- house	595	<u>900</u>
			<u>\$40,594</u>

Other locations in Lane County

USDA	Forest Service District Ranger Station at Mapleton	7,705	\$ 38,621
	Forest Service District Ranger Station at Oakridge	5,880	23,800
	Forest Service District Ranger Station at Cottage Grove	10,849	54,856
	Forest Service Zone Engineer's Office at Vida	4,415	<u>31,056</u>
			<u>\$148,333</u>

If Eugene, Oregon, had not been declared an urban center, DOD and USDA could have leased the space shown above for themselves, just as they do in other Oregon counties not designated as urban centers.

INCONSISTENT AND INFLEXIBLE
DELEGATION PRACTICES FOR
GENERAL PURPOSE SPACE

GSA's delegation practices are somewhat inflexible and inconsistent. The practices are inconsistent because GSA refuses to grant large agencies, such as Interior

and HEW, the same authority as given to USDA, DOD, and Commerce to lease general purpose space outside urban centers. Examples of inflexible delegation practices are refusing to allow

--DOD to lease about 1,500 recruiting stations, because they are in designated "urban centers," while DOD is managing leasing of 1,700 others in nonurban areas and

--USDA to lease any of about 100 service centers in the "urban" category, although USDA has been delegated authority for about 1,000 such offices in the non-urban areas.

Department of Defense recruiting offices

Under "Project Volunteer," DOD assigned a high priority to establishing an expanded and upgraded network of recruiting offices to help to convert from the military draft to an All-Volunteer Force. In 1971, DOD wanted authority from GSA to lease recruiting offices that were to be located within areas designated as urban centers. GSA refused to grant DOD the authority it wanted even though:

--DOD is authorized to lease general purpose space, including recruiting offices, outside of GSA urban centers and special purpose space inside urban centers, and leases extensively (see app. I).

--Recruiting offices generally do not provide GSA with an opportunity to realize savings from unified space administration because they involve small amounts of space and are occupied by one agency only--characteristics of the type of space that GSA rarely reassigns to other agencies when vacated.

According to a DOD official, as of June 30, 1975, GSA, with DOD assistance, leased about 1,500 recruiting offices within urban centers, while DOD leased about 1,700 recruiting offices outside GSA urban centers. Generally, DOD selected the location of the recruiting offices leased by GSA. DOD's objective was to locate the recruiting offices in areas of high pedestrian traffic with a maximum degree of visibility and accessibility to that traffic. Many of the recruiting offices were located in retail store-type space in shopping centers, types of locations generally not considered desirable by other agencies.

In a letter of January 7, 1977, the Deputy Assistant Secretary of Defense (Installations and Housing) told us that GSA should have delegated DOD authority to acquire recruiting offices, because of their special purpose characteristics--retail-type public contact points. He said it was not necessary for GSA to be involved in leasing recruiting offices; it was important for GSA to be involved in leasing recruiting main stations, which are larger units for administrative purposes. He also stated that:

"During the initial phases of 'Project Volunteer,' the combined GSA/DoD effort was an important factor in collocating, expanding, and relocating existing offices and establishing the great number of new offices required. Duplication was a necessary byproduct in this type of crash effort. Currently, we see no reason for this type of duplication. The Corps as DoD Executive Agent coordinates the varied requests of the four recruiting commands into a single, collocated program without GSA input. Duplication starts after the space request is forwarded to GSA."

Department of Agriculture service centers

The Secretary of Agriculture established a nationwide program to consolidate departmental field units into single locations called agricultural service centers. As of April 1977, GSA had not authorized USDA to lease those centers that are to be located within GSA urban centers even though USDA is authorized to lease general purpose space, including agricultural service centers located outside of GSA urban centers, as well as special purpose space within urban centers.

The space GSA leases for USDA, including service centers, often does not provide GSA with an opportunity to realize savings from unified space administration because the space is small (usually less than 5,000 square feet according to a USDA Office of Operations official) and occupied solely by USDA agencies--characteristics of the type of space that GSA rarely reassigns to other agencies when vacated.

In a letter to us of October 21, 1976, the Assistant Secretary for Administration, USDA, stated that:

"There are no benefits accrued to the Government by having both GSA and the Department [USDA] involved in acquiring space for service centers. GSA does not have the

resources to acquire space at the 1,000 locations which will be acquired by Agriculture using delegated authority. However, we could acquire the approximately 100 locations which are in GSA urban areas, as it takes as much effort to monitor GSA's efforts on our behalf as to acquire the space directly."

Department of the Interior

The Department of the Interior is located in many areas far from GSA's regional headquarters. In May 1975, the Interior requested a delegation of lease authority from GSA to lease general purpose space outside GSA urban centers. The Interior also requested that GSA designate various categories of space as "special purpose" so that it could lease such space within urban centers. The delegated authority was similar to that previously granted to USDA.

An Interior official told us that GSA's Deputy Administrator was receptive to Interior's request for more leasing authority. The GSA official has since left the agency. PBS had not formally responded to the request although PBS officials have met with Interior officials. According to internal briefing papers, GSA will not grant a general purpose delegation to Interior because:

- It will be a further erosion of GSA's mandated authority to provide space on a Government-wide basis.
- It will open the door to other agencies making similar requests.
- It will cause competition among the other agencies for space and present an inconsistency with Reorganization Plan No. 18, which places in GSA all functions with respect to acquiring space in buildings by lease and assigning and reassigning space for use by agencies.
- It will affect the implementation of the space program for which responsibility was assigned to GSA.
- It may cause Interior to set up a separate small-scale space management office and increase employees to handle the workload.
- There is no evidence that Interior is technically qualified to effect proper acquisition procedures.

In a letter dated September 24, 1976, the Assistant Secretary of Management, Department of the Interior, told us that:

"From the verbal exchange which has taken place between members of my staff and individuals in PBS, it is apparent that the PBS has no intention of taking positive action on this request.

"The PBS recognizes its inability to respond in a timely manner to requests for space in rural areas and urban areas far from their regional offices, but will not delegate authority to other agencies, since this would reduce the prospects for growth of the PBS in future years.

"* * * It is our contention that since there is no realistic prospect of a major expansion of GSA's capabilities in the near future, delegating authority to client agencies with proper controls and reporting requirements is a realistic solution, though perhaps only a partial one, to an agency's problem. This Department [Interior] is particularly well equipped to exercise such delegated authority, since most of our bureaus do have land acquisition and real property management functions among their mission responsibilities and qualified staff members to perform these functions."

UNTIMELY LEASING BY GSA

GSA records show that an average of 239 days was required to fill agency space requests in fiscal year 1976. As a result, GSA's performance has been criticized. GSA recognizes that the time required to fill space requests is excessive when compared to its goal of 180 days. Both GSA and customer agency personnel cite GSA's inadequate staffing as an important contributing factor to the untimely processing of space actions. The following examples indicate the extent to which delays have been experienced by selected agencies.

--USDA reported that GSA normally requires 42 weeks (294 days) to acquire leased space and that performance varied by GSA region. The fastest GSA region required an average of 118 days to lease space and the slowest required 595 days.

--According to a HEW study, GSA completed 381 space requests for HEW in calendar year 1976, at an average time of 329 days. In 1975 the average was 272 days. According to HEW, GSA will not be able to improve its performance unless GSA's staff is increased. HEW said it was not entirely satisfied with GSA's results, mainly because of the very long time taken to obtain facilities through GSA, and the relatively few times GSA has granted HEW a request for a delegation of authority to lease.

A GSA management study completed in January 1977 recommended a further study by PBS to determine the extent that additional staffing may be needed. The study also recommended:

"That one-time delegations of leasing authority be made to customer agencies when the action would be unduly delayed because of the need to economize on travel and other resources. If GSA cannot handle the space request in a timely and economical fashion whereas the agency can, then the agency should be allowed to do so. Delegations should be particularly considered when a small amount of space is required in a remote area."

LARGE NUMBER OF SMALL, SINGLE AGENCY LEASES

In a letter of September 22, 1976, the Administrator of General Services told us that GSA was established to eliminate intragovernmental competition in leasing markets and to place the leasing function in the hands of experts with knowledge of all activities in the real estate community. He stated that:

"* * * GSA's responsibility for Government wide leasing often enables it to effect consolidation projects by procuring space for more than one agency. Thus, the Government benefits from cost savings associated with leasing large blocks of space."

GSA generally does not lease large blocks of space for more than one agency. About 86 percent of its leases (5,680) are for space occupied by a single agency, as shown on the following page.

<u>Region</u>	<u>Total GSA leases April 1976</u>	<u>Number of single agency leases</u>		<u>Total single agency leases</u>
		<u>Urban areas</u>	<u>Non- urban areas</u>	
1	310	234	31	265
2	578	425	82	507
3	879	575	133	708
4	965	501	281	782
5	941	654	191	845
6	333	206	85	291
7	800	475	213	688
8	499	237	203	440
9	870	609	164	733
10	<u>441</u>	<u>254</u>	<u>127</u>	<u>381</u>
	<u>6,616</u>	<u>4,170</u>	<u>1,510</u>	<u>5,680</u>

About 4,960 of the single agency leases involve small blocks of space renting for less than \$50,000 annually. In GSA regions 9 and 10, we found that most of these leases are terminated when agencies vacate the space and that GSA had only limited success in reassigning vacated leased space.

We believe that a large number of small, single agency leases could be handled by individual occupant agencies--in remote areas where agencies have the expertise to enter into leases; in areas where there is no concentration of Federal agencies, and no opportunity exists for consolidation in large blocks of space; and in areas where GSA services are not available.

GSA MONITORING OF AGENCY LEASING

Although the responsibility for leasing activities was centralized in GSA by the law and Reorganization Plan No. 19, GSA has not monitored the leasing procedures and practices of agencies operating under delegated lease authority.

As indicated in appendix I, USDA has 4,238 leases entered into under delegated authority. According to GSA, it does not have sufficient staff to evaluate USDA's efficiency in executing and administering these leases. GSA has no information on the capabilities and number of USDA personnel engaged in leasing, the adequacy of its leasing procedures, and the extent to which procedures comply with GSA standards issued pursuant to the 1949 act.

ADMINISTRATIVE REORGANIZATION STUDY

On October 5, 1977, the Administrator of General Services and the Acting Director, Office of Management and Budget, announced that an administrative services study, to be carried out as part of the President's Reorganization Project, will be made of the GSA management and delivery of administrative services to Federal agencies. One of the many areas to be covered is the GSA functions that could be enhanced by increased delegation of authority or transfer to the program agencies. The Administrator said that the project must determine the full extent and validity of criticism of GSA's effectiveness as a central agency and what organizational and procedural remedies may be needed to improve the overall economy and quality of administrative services to Federal agencies.

The Administrator also said that the project will draw heavily on (1) the work of the Commission on Government Procurement and (2) our numerous studies and recommendations.

CONCLUSIONS

The 1949 act, as originally enacted, and the 1950 reorganization plan provided ample discretionary authority to GSA to delegate its leasing authority to individual agencies. It was anticipated that GSA would make extensive use of lease delegations in the smaller communities where the agencies could lease space directly under standards prescribed by GSA. However, the practice of broadly defining urban centers tends to centralize most leasing for agencies within GSA.

We believe that GSA should adopt a more flexible lease-delegating policy and closely monitor agency leasing activities to assure that they are carried out in accordance with GSA's uniform standards and regulations. The delegation policy should be based on the most efficient use of GSA's leasing staff; capability and expertise of agencies to manage leasing operations; the adequacy of agency leasing procedures; location, size, and type of leased space required; ability to respond to agency requirements in a timely manner; the concentration of Federal agencies; and other relevant factors.

RECOMMENDATIONS

We recommend that the Administrator of General Services adopt a more flexible approach on lease delegations which would consider the most economical and efficient acquisition procedure and the best use of GSA's leasing staff. In addition, we recommend that General Services assume a more active and supportive role in the monitoring of agency leasing practices and procedures.

**FEDERAL AGENCIES LEASING REAL PROPERTY IN
THE UNITED STATES (SEPTEMBER 30, 1976)**

<u>Agencies</u>	<u>Number of leased building locations</u>	<u>Floor space (sq. ft.)</u> (millions)	<u>Land in acres</u> (thousands)	<u>Annual rentals</u> (millions)
General Services Administration (note a)	<u>6,745</u>	<u>85.3</u>	<u>0.3</u>	<u>\$388.1</u>
Agencies leasing under GSA delegations and/or designations (note b)				
Department of Commerce	294	0.7	0.4	2.0
USDA	4,238	3.8	8.9	10.9
DOD	7,541	19.0	967.8	34.2
Treasury Department	190	0.4	-	3.0
Department of Transportation	3,551	6.9	138.3	18.6
Tennessee Valley Authority	131	1.7	0.1	6.8
HEW	158	0.3	0.3	2.2
Department of the Interior	103	1.1	19.8	4.5
Others (9) (note c)	<u>264</u>	<u>3.3</u>	<u>10.8</u>	<u>8.7</u>
	<u>16,470</u>	<u>37.2</u>	<u>1,146.4</u>	<u>90.9</u>
Agencies leasing under separate statutory authority (note d)				
National Aeronautics and Space Administration	5	0.1	0.1	0.3
United States Postal Service (note a)	28,472	90.9	5.8	186.8
Commodity Futures Trading Commission	<u>1</u>	<u>0.1</u>	<u>-</u>	<u>0.2</u>
	<u>28,478</u>	<u>91.1</u>	<u>5.9</u>	<u>187.3</u>
All Agencies Total	<u><u>51,693</u></u>	<u><u>213.6</u></u>	<u><u>1,152.6</u></u>	<u><u>\$666.3</u></u>

a/GSA and the U.S. Postal Service account for annual rentals of \$574.9 million, or 86.3 percent of the total annual rental of \$666.3 million for real property leased in the United States.

b/The Department of Housing and Urban Development, the Tax Court of the United States, and the Federal Communications Commission can lease special purpose space but these leases are not included in GSA's report.

c/Includes Department of Justice, Energy Research and Development Administration, Environmental Protection Agency, Federal Home Loan Bank Board, Veteran's Administration, Department of Labor, National Science Foundation, Department of State, and U.S. Information Agency. We were unable to confirm from GSA records whether the last two agencies had been delegated lease authority by GSA; their leasing in the United States is relatively minor.

d/The listing does not include leasing by ACTION under special statutory authority.

PRINCIPAL OFFICIALS
RESPONSIBLE FOR ADMINISTERING ACTIVITIES
DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
ADMINISTRATOR OF GENERAL SERVICES:		
Joel W. Solomon	May 1977	Present
Robert T. Griffin (acting)	Feb. 1977	Apr. 1977
Jack Eckerd	Nov. 1975	Feb. 1977
Arthur F. Sampson	June 1973	Oct. 1975
Arthur F. Sampson (acting)	June 1972	June 1973
Rod Kreger (acting)	Jan. 1972	June 1972
Robert L. Kunzig	Mar. 1969	Jan. 1972
COMMISSIONER, PUBLIC BUILDINGS SERVICE:		
James Shea	June 1977	Present
Tom L. Peyton (acting)	May 1977	June 1977
Nicholas A. Panuzio	Sept. 1975	Apr. 1977
Walter Meisen (acting)	Oct. 1974	Sept. 1975
Larry F. Roush	Aug. 1973	Oct. 1974
Larry F. Roush (acting)	Jan. 1973	Aug. 1973
John F. Geluardi (acting)	July 1972	Jan. 1973
Arthur F. Sampson	Mar. 1970	June 1972